

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

WILLARD L. SLOAN, EUGENE J.  
WINNINGHAM, and JAMES L. KELLEY,  
on behalf of themselves and a similarly  
situated class,

Plaintiffs,

Case No. 09-cv-10918  
Hon. Paul D. Borman  
Magistrate Mona K. Majzoub

v.

**Class Action**

BORGWARNER, INC., BORGWARNER  
FLEXIBLE BENEFITS PLANS and  
BORGWARNER DIVERSIFIED  
TRANSMISSION PRODUCTS, INC.,

Defendants.

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**EXHIBIT 17**

**TO**

**PLAINTIFFS' MOTION  
FOR SUMMARY JUDGMENT  
AS TO LIABILITY**

# Navigating the Changes to Your Retiree Health Care Options



## Your Health Care Travel Guide

February 2009

### In this Issue...

- Your 2009 Choices for Retiree Health Coverage
- Attend a Retiree Meeting
- Important Dates
- General Information and Web Sites
- Pre-Medicare — Before Age 65
- Medicare — Age 65 and Older
- Medicare at a Glance
- Health Care Planning Checklist

## Your New 2009 Choices for Retiree Health Coverage

As announced last fall, BorgWarner DTP is changing your retiree health benefits to mirror what is offered to other BorgWarner retirees.

Although all of us have been doing our share to manage health care costs for everyone's benefit, medical and prescription costs have continued to increase, outpacing inflation year after year.

We believe our new approach to retiree health care offers you:

- Added flexibility

- More control over how your retirement dollars are spent
- New tax-advantaged features

The new changes go into effect **May 1, 2009.**

**While there is no need to make any decisions now,** our goal is to give you plenty of information to understand the changes and evaluate your options so you can make informed decisions about your medical and prescription coverage.

## Don't Miss Out! Attend a Retiree Meeting

In March, you will have the opportunity to attend a retiree meeting to get your questions answered and walk away with a better understanding of the upcoming changes. At the meeting, you'll have an opportunity to hear a recap of what's changing and how it affects you; learn about the Retiree Reimbursement Account (RRA); and, become familiar with your Medicare coverage options.

### Horizon Convention Center

401 N. High Street  
Muncie IN 47305  
1-888-288-8860

Website:  
[horizonconvention.com](http://horizonconvention.com)

Meeting Location	Date / Time	For Last Names that Begin
Horizon Convention Center	March 4, 2009 10am	A—E
Horizon Convention Center	March 4, 2009 1pm	F—K
Horizon Convention Center	March 4, 2009 4pm	OPEN SESSION
Horizon Convention Center	March 5, 2009 10am	L—R
Horizon Convention Center	March 5, 2009 1pm	S—Z

This newsletter is not intended to describe the details of your benefit plans. If there are any differences between this newsletter and the official plan document, the plan document rules. Participation in a BorgWarner benefit plan is not a guarantee. We expect this retiree program will benefit our retirees for a long time into the future, but we reserve the right to change or end the program if it becomes necessary or appropriate for business, legal or other reasons determined by BorgWarner.

Benefits for the Road Ahead

 **BorgWarner**

For Current Muncie Hourly Retirees

Diversified Transmission Products Inc.

DTP0023449

*DFair*  
*EE*  
*08*



## Take the Wheel

Smile for the Road Ahead

### Important Dates:

Remember, there is no need for you to make any decisions now. Simply prepare yourself for the enrollment period in April 2009.

<b>February</b>	<ul style="list-style-type: none"> <li>Access begins for <b>Medicare</b> Education Call Center at 1-800-929-2300 and online Decision Tools to help you consider your options.</li> <li>Retiree Packet mailed to <b>Medicare-eligible retirees</b> explaining coverage options and the enrollment process.</li> </ul>
<b>February</b>	Retiree Packet mailed to <b>pre-Medicare retirees</b> explaining coverage options and the enrollment process.
<b>March 4-5</b>	Opportunity to attend a <i>retiree meeting</i> to learn more.
<b>March 16 - 31</b>	<b>BorgWarner enrollment period for pre-Medicare retirees.</b>
<b>March 1- April 30</b>	Enrollment for <b>Medicare-eligible</b> retirees to replace BorgWarner DTP supplemental Medicare plan coverage. Note: Enrollment information should be completed by <b>April 15 to have coverage in effect at May 1.</b>
<b>April</b>	Payment coupons mailed to <b>pre-Medicare retirees</b> . First payment is due May 1.
<b>May 1, 2009</b>	<b>Changes Take Effect. ID cards mailed shortly after you enroll.</b>
<b>November 15- December 31</b>	Optional national Medicare open enrollment period for 2010.

## General Information and Web Sites

### Medicare Eligible Retirees:

#### **Medicare**

1-800-Medicare (1-800-633-4227)

or TTY: 1-877-486-2048

[www.medicare.gov](http://www.medicare.gov)

#### **UnitedHealthcare**

1-800-929-2300

[www.uhcmedicareolutions.com/borgwarner](http://www.uhcmedicareolutions.com/borgwarner)

#### **Retiree Reimbursement**

#### **Account (RRA) Information**

1-866-214-5385

[www.arcbenefitaccess.com/uhc](http://www.arcbenefitaccess.com/uhc)

#### **Mutual of Omaha**

1-866-966-0482

[www.mutualofomaha.com](http://www.mutualofomaha.com)

### Pre-Medicare Retirees:

#### **Anthem**

1-800-530-8481

[www.anthem.com](http://www.anthem.com)

#### **Anthem Prescription**

1-800-962-8192

[www.anthem.com](http://www.anthem.com)

#### **Lumenos**

1-888-224-4835

[www.lumenos.com](http://www.lumenos.com)

### Additional Assistance:

#### **Muncie Insurance Office**

1-765-286-6642

[www.BorgWarner.com/muncieretirees](http://www.BorgWarner.com/muncieretirees)

### **BorgWarner**

#### **Family Pharmacy**

1-765-286-6337

[www.BorgWarnerrx.com](http://www.BorgWarnerrx.com)

### **BorgWarner Family Pharmacy**

Both pre-Medicare and Medicare retirees may continue to get their prescriptions filled at the BorgWarner Family Pharmacy. Simply present your new ID card at the pharmacy.



## *Pre-Medicare — Before Age 65*

### What's Changing 5/1/09 at a Glance

Generally, you are eligible for Medicare at age 65 or if you qualify for disability benefits under Medicare. If you or your eligible family members are not yet age 65, then the changes to our Pre-Medicare plan apply.

BorgWarner DTP will offer two plans to pre-Medicare retirees and eligible family members that closely mirrors the coverage offered to other active employees today—a PPO or a consumer-driven HRA plan. This coverage does not include vision coverage.

Your share of the cost will increase, but it will still be far less than the amount retirees from many other companies pay.

- You will pay 10% of the annual premium cost if you retired with 25 or more years of service.
- You will pay 15% of the annual premium cost if you retired with less than 25 years of service.

In the future, when you become eligible for Medicare, BorgWarner DTP medical and prescription drug coverage will end. You will then be eligible for the benefits listed in the “Medicare” section on page 5.

### Vendor Consolidation

Effective May 1, 2009 all medical and prescription drugs will be offered through Anthem, Lumenos (Anthem's HRA provider), Anthem Pharmacy, and CHD Meridian.

If you are a retiree using Cigna's medical plan, your year-to-date deductible and out-of-pocket maximum will automatically be transferred to Anthem.

All prescription coverage will be administered through Anthem RX. All major pharmacies are still in the network, including the BorgWarner Family Pharmacy. Simply present your new ID card after May 1 to purchase your prescription at a retail pharmacy.

If you are a retiree using Express Scripts Rx, your current mail-order prescriptions will automatically be transferred from Express Scripts to Anthem. Controlled substances (such as Oxycontin), compounds (like testosterone cream), and prescriptions over one year old with open refills, cannot be transferred legally. If one of these exceptions applies to you, please contact your physician to receive a new prescription and submit it to Anthem. In late February, you will receive the information you need to send your new prescriptions to Anthem's mail-order service. If you have questions about any of these benefits or coverage levels, call one of the resources listed on page 2.

### Eligibility and Contributions

As members of the Pre-Medicare retiree plan, you and your qualifying spouse are eligible to continue BorgWarner DTP medical and prescription coverage until reaching age 65 (or otherwise becoming eligible for Medicare). Dependent children who are not eligible for Medicare can be covered until age 19 (until age 25, if a full-time student).

Beginning May 1, 2009, retiree medical benefits will be determined based on **each** individual participant's eligibility for Medicare (this is called Split Family Enrollment). A spouse and dependent who qualify as eligible at May 1, 2009 may continue coverage in the future; a new spouse or dependent may not be added to the plan. For example, if you are age 64 and your spouse is age 63:

- In 2009, you both would be covered under a BorgWarner Pre-Medicare retiree plan.
- In 2010, you would become eligible for Medicare in the month in which you turn age 65. At the same time, you will begin receiving an annual allowance from BorgWarner through the Retiree Reimbursement Account (RRA); see the

*(Continued on page 4)*



## Take the Wheel

Benefits for the Road Ahead

### What's Changing 5/1/09 at a Glance

(Continued from page 3)

"Medicare" section on page 5. Your spouse, however, will continue to receive benefits under the BorgWarner Pre-Medicare retiree medical plan until he or she becomes eligible for Medicare in 2011. Your spouse's premium share will be based on your (the retiree's) years of service.

The table at right summarizes the Pre-Medicare retiree plan options and contribution percentages available to retirees with the program that takes effect on May 1.

As you can see, your share of the cost of coverage (10% - 15%) will still be far less than the 41%<sup>1</sup> that the average retiree pays at other companies that offer retiree coverage. In fact, more than a quarter of companies offering retiree coverage require retirees to pay 60% to 100% of the **full premium**.

Pre-Medicare Summary at 5/1/09		
<b>Pre-Medicare Plan</b>	1. Anthem PPO Plan 2. Lumenos HRA	
<b>Contribution Share</b>	<ul style="list-style-type: none"> <li>15% if less than 25 years of service</li> <li>10% if 25 years of service or greater</li> </ul>	
<b>2009 Per Member Monthly Contribution</b> (changes annually at open enrollment)	<b>10% Share</b> PPO \$58 HRA \$30	<b>15% Share</b> PPO \$87 HRA \$45



### New Retiree Reimbursement Account (RRA) from BorgWarner for Medicare Participants:

### Assistance with the Cost of Coverage

Instead of providing Medicare retirees with a BorgWarner-sponsored supplemental Medicare plan, the company will establish a new Retiree Reimbursement Account (RRA) on your behalf and that of your Medicare-eligible spouse, beginning May 2009.

- BorgWarner will contribute \$158.34 monthly (\$1,900 total for 2009), for **each** Medicare-eligible person. This amount may be indexed in future years to help offset Medicare inflation.
- This contribution is intended to be an allowance to assist you and/or your spouse in purchasing Medicare health plan(s) and to assist you with eligible out-of-pocket medical and prescription expenses.
- The money credited to your account does not earn interest, but it is totally tax-free.
- You can use your RRA to be reimbursed for:
  - Premiums for Medicare Parts B, Supplemental, Medicare Advantage, or Part D Prescription Drug coverage.
  - Certain out-of-pocket expenses, including any deductibles, copays or coinsurance that may be left after your health insurance plan pays.
- Each year, if you don't use all the money in your account, it is forfeited in March of the following year.
- If you die before your spouse, and if your spouse is eligible for surviving spouse benefits, your spouse will continue to have access to his/her account. In the event of a member's death, his/her account is forfeited.

<sup>1</sup> Retiree Health Benefits Examined. Kaiser/Hewitt, December 2006.



## Medicare — Age 65 & Older (or disabled)

### What's Changing 5/1/09 at a Glance

Generally, you are eligible for Medicare at age 65 or if you qualify for disability benefits under Medicare. If you are Medicare eligible as of May 1, 2009, the following changes will apply to you:

- BorgWarner medical and prescription drug coverage will end on April 30, 2009.
- In its place, the company will credit an allowance each year into a new **Retiree Reimbursement Account (RRA)** for each Medicare-eligible person in your family.
- You will need to select, enroll, and pay for the Medicare option(s) that best suits your needs (see page 6). You will have assistance with this process!

As in past years, 2009 primary medical coverage for retirees age 65 and over will be offered through Medicare. Remember, BorgWarner's retiree plan only supplemented Medicare and did not replace its coverage.

What's changing in 2009 is that BorgWarner will no longer provide coverage to supplement Medicare-eligible retirees. Instead, we will provide **an annual allowance in a RRA to help retirees pay for Medicare health plan coverage that you will choose yourself**, available from Medicare and private insurance companies. As a result, you should plan to enroll in a Medicare health plan by April 15. If you wish to change your election, you may do so annually during the Annual Election Period from November 15—December 31 each year.

We believe this is a significant step made possible, in part, by the changes in the marketplace for retiree health coverage. For the company, our new approach means changes to the way we account for and budget for these benefits, giving us more control over our balance sheet. For retirees, it means new flexibility and new options, giving you more control over your health coverage during your retirement years.

Not sure what coverage to choose or how to enroll? BorgWarner is providing several resources to help you:

- A Retiree Health Coordinator will be available, at no charge, to help you choose a plan, enroll in a plan, and administer health care reimbursements to you from your RRA. **Call and speak to a coordinator from UnitedHealthcare at 1-800-929-2300.**
- Retiree meetings offered in March will help you better understand how Medicare works and the variety of options that are available.
- A straightforward and easy-to-use kit called *Medicare Made Clear*, as well as a Retiree Packet from UnitedHealthcare, will be mailed to your home and will include important information about your RRA and an enrollment packet from one of the UHC Medicare plans available to you.
- In this newsletter, we'll take a brief look at the "New Retiree Reimbursement Account (RRA) from BorgWarner" that will help you supplement Medicare described on page 4, and then we will discuss "Medicare At-a-Glance" on page 6.

#### Are You Medicare Eligible?

If so, mark your calendar now to enroll in a Medicare health plan by April 15, 2009.

A Retiree Health Coordinator will be able to assist you with all your Medicare questions beginning this March.

You can also go to [www.medicare.gov](http://www.medicare.gov) for plan comparison tools.



*Take the Wheel**Benefits for the Road Ahead!*

## Medicare at a Glance: Helping You Understand Your Medicare Coverage Options

Medicare is a government-supported health insurance plan. Because you have paid for Medicare through taxes while working, when you begin receiving Social Security benefits, you automatically are enrolled for Part A coverage (for hospital costs) free of charge. Part B coverage (for doctors' fees) also becomes available to you at that time for a monthly premium.

Medicare divides its options into four categories, called Part A, Part B, Part C and Part D. But these options are not really all parts of one plan – rather, they are simply labels for different types of coverage.

Medicare Parts A and B generally cover only about 80% of medical services. Additional plans have been

developed by insurers to work alongside Medicare Parts A and B. Because they are described as plans that fill in any gaps (like your 20% coinsurance) in coverage Medicare provides, they are called Medigap plans or Medicare Supplement plans.




<b>Medicare Part A</b> 	Provides help with the cost of hospital stays and skilled nursing services after a hospital stay plus other skilled care.	<b>Medigap</b>  Commonly called a <b>Medicare Supplement Plan</b> . A single plan option offered by Medicare that “fills in the gaps” of Medicare Parts A and B.
<b>Medicare Part B</b> 	This is optional coverage that you can purchase to help pay for regular medical care like the cost of doctor's visits and other outpatient medical services, such as labs. Today, BorgWarner requires you to enroll in Part B. Private insurers will also require this.	
<b>Medicare Part C</b> 	Also known as <b>Medicare Advantage</b> , a single plan option offered by private insurance companies that “replaces” Medicare Parts A and B. Your enrollment in Parts A and B is still required but your medical claims are paid thru a private insurer. Costs range based on type of plan (PPO, HMO, etc.) Some plans include Part D.	
<b>Medicare Part D</b> 	Prescription Drug coverage offered through private insurance companies. There is a range of options with different costs and levels of coverage.	

The chart above reprinted with permission of United Healthcare Services, Inc., from Medicare Made Clear Show Me Guide, © 2008 United Healthcare Services, Inc.



## Health Care Planning Checklist

As you begin to plan for and elect your medical and prescription drug coverage for 2009, use this checklist to make sure you are able to make informed decisions related to this important time in your life.

Pre-Medicare Retiree	Medicare Retiree
<input type="checkbox"/> Visit the Web sites listed in this newsletter under "General Information and Web Sites" on page 2.	<input type="checkbox"/> Visit the Web sites listed in this newsletter under "General Information and Web Sites" on page 2.
<input type="checkbox"/> Plan to attend a retiree meeting on March 4th or 5th.	<input type="checkbox"/> Plan to attend a retiree meeting on March 4th or 5th.
<input type="checkbox"/> Elect your 2009 coverage under the BorgWarner Pre-Medicare plan by March 31.	<input type="checkbox"/> You will receive a free <i>Medicare Made Clear</i> guide at the benefit meetings to help you understand how Medicare works.
<input type="checkbox"/> As you or your spouse near Medicare eligibility, consider discussing your coverage options with the Medicare Coordinator.	<input type="checkbox"/> Review the information you receive from private insurance companies about the medical and prescription plans (Medicare Advantage, Medicare Part D and/or Medigap Supplement Insurance) they are making available to you.
	<input type="checkbox"/> Call one of the Retiree Health Coordinators to have a personalized assessment completed.
	<input type="checkbox"/> Enroll in Medicare Parts B, C and/or D by April 15th to ensure coverage for May 1st. The deadline for enrollment is April 30th.
	<input type="checkbox"/> Starting in May, obtain reimbursement from your new BorgWarner Retiree Reimbursement Account (RRA) for eligible premiums and/or out-of-pocket expenses you have paid (up to \$158.34/month for each Medicare eligible-person).

### Get More Familiar with Your Medicare Options

At the retiree meetings in March, we'll look more closely at what Medicare Part B covers and how much this coverage costs. In addition, we'll take a look at features and costs of:

- Sample Medicare Advantage plans (Medicare Part C),
- Sample Medicare Part D plans, and
- Sample Medigap plans (commonly called Medicare Supplement Plans).

Be sure to attend a retiree meeting to learn more.



# Your Anthem Benefits



## *BorgWarner DTP Hourly PreMedicare Retiree PPO2 PPO with APM (018)* *Summary of Benefits, Effective January 1, 2009*

COVERED BENEFITS	NETWORK/NON-NETWORK
Annual Deductible	Network - \$400 Employee/ \$800 Family Non-Network - \$500 Employee/ \$1,000 Family
Annual Out-of-Pocket Maximum	Network - \$1,500 Employee/ \$3,000 Family Non-Network - \$3,000 Employee/ \$6,000 Family
Office Services	Network - 80% of allowable charges after deductible per visit Non-Network - 70% of allowable charges after deductible per visit
Preventive Care	Network - Children through age 2 - 80% of allowable charges, no deductible, no limit to services. Children and adults from age 3 - 80% of allowable charges, no deductible, \$300 maximum. Immunizations - No charge, no deductible.  Non-Network - 70% of charges after deductible, \$300 maximum
Maternity Services	Network - 80% of allowable charges, No deductible Non-Network - 70% of allowable charges, No deductible
Inpatient Services • Including Mental Health & Substance Abuse	Network - 80% of allowable charges, No deductible Non-Network - 70% of allowable charges, No deductible Mental Health and Substance Abuse combined limit of 30 days per calendar year (60 days lifetime maximum) Network and Non-Network
Outpatient Facility Services	Network - 80% after deductible Non-Network - 70% of allowable charges after deductible Deductible waived if surgery performed
Outpatient Mental Health/Substance Abuse	Network - 80% after deductible Non-Network - 70% of allowable charges after deductible Outpatient Mental Health and Substance Abuse combined limit of 20 visits per calendar year (40 visits lifetime maximum) Network and Non-Network
Professional/Home Care	Network - 80% of allowable charges after deductible, Deductible waived if surgery performed Non-Network - 70% of allowable charges after deductible, Deductible waived if surgery performed
Emergency and Urgent Care: Emergency Care in ER Room (waived if admitted)  Urgent Care Facility	Network or Non-Network - 80% of allowable charges, No deductible  Network or Non-Network - 80% of allowable charges, No deductible
Hospice	Network - 80% of allowable charges after deductible Non-Network - 70% of allowable charges after deductible
Ambulance	Network or Non-Network - 80% of allowable charges after deductible

Durable Medical Equipment	Network - 80% of allowable charges after deductible Non-Network – 70% of allowable charges after deductible																											
Outpatient Therapy Visit	Network – 80% of allowable charges after deductible Non-Network – 70% of allowable charges after deductible																											
Physical	No Maximum																											
Occupational	No Maximum																											
Speech	No Maximum																											
Spinal Manipulation	\$500 maximum. Network and Non-Network combined visits																											
Prescription Benefit	<b>BorgWarner Family Pharmacy</b> <table><tr><td></td><td>Generic</td><td>Formulary</td><td>Non-Formulary</td></tr><tr><td>30 Day Supply</td><td>\$6</td><td>\$6 + 30%</td><td>\$6 + 50%</td></tr><tr><td>90 Day Supply</td><td>\$12</td><td>28% (Max \$75)</td><td>50%</td></tr></table> <b>Anthem Prescription Management</b> <table><tr><td></td><td>Generic</td><td>Formulary</td><td>Non-Formulary</td></tr><tr><td>30 Day Supply</td><td>\$8</td><td>\$8 + 30%</td><td>\$8 + 50%</td></tr><tr><td>90 Day Supply</td><td>\$16</td><td>30% (Max \$75)</td><td>50%</td></tr></table>					Generic	Formulary	Non-Formulary	30 Day Supply	\$6	\$6 + 30%	\$6 + 50%	90 Day Supply	\$12	28% (Max \$75)	50%		Generic	Formulary	Non-Formulary	30 Day Supply	\$8	\$8 + 30%	\$8 + 50%	90 Day Supply	\$16	30% (Max \$75)	50%
	Generic	Formulary	Non-Formulary																									
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	Generic	Formulary	Non-Formulary																									
30 Day Supply	\$8	\$8 + 30%	\$8 + 50%																									
90 Day Supply	\$16	30% (Max \$75)	50%																									
Lifetime Maximum	Unlimited																											

Please call Customer Service at 800-530-8481 for any questions regarding your benefit plan.

**Notes:**

- Deductible is not included in the out of pocket maximum
- The copayments do not apply toward the out-of-pocket maximums.
- Dependent(s): to age 19; age 25, if qualified
- Network and out of network deductibles accumulate toward each other

**Precertification:**

Members are encouraged to always obtain prior approval for Inpatient visits or when using Non-network providers. Precertification will avoid any unnecessary reduction in benefits for non-covered or non-medically necessary services.

This benefit description is intended to be a brief outline of coverage. The entire provisions of benefits and exclusions are contained in the Group Contract, Certificate and Schedule of Benefits. In the event of a conflict between the Group Contract and this description, the terms of the Group Contract will prevail.